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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

November 7, 1994

Via Hand Delivery

William F. Caton, Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: Ex Parte Filing
Amendment to the Commission's Rules to Establish New
Personal Communications Services, General Docket No.
90-314

Dear Mr. Caton:

The purpose of this letter is to provide a summary of the discussions in meetings between undersigned counsel, David Nelson, Vice President of Cellular Service, Inc. ("CSI"), and the following members of the Commission's staff: Ruth Milkman, Legal Assistant to the Chairman; Lauren J. Belvin, Senior Advisor to Commissioner Quello; Lisa Smith, Legal Assistant to Commissioner Barrett; Mary McManus, Legal Assistant to Commissioner Ness; Jill Luckett, Legal Assistant to Commissioner Chong; Don Gips, Deputy Chief of the Office of Plans and Policy; Rosalind K. Allen, Acting Chief of the Private Radio Bureau's Land Mobile and Microwave Division; and Kathleen Ham.

In the meetings, CSI expressed opposition to any change in the current rules to allow an investor to share in the ownership of the "control group" of a Designated Entity ("DE") or to allow any such investor to participate in management through service as or the appointment of a director or officer. There is no need to allow investors to become part of the control group or to participate in the control group as an officer or a director of the entity. Although investors and lenders sometimes do require the right to appoint one or more members of the board of

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directors or to appoint an officer, that kind of arrangement is by no means universal. Indeed, the presence of that arrangement is often a reflection of the investor's or lender's lack of faith in management.

It is unrealistic to assume that a DE -- even one with a majority of the board of directors and de jure voting control -- would, in reality, control the operation if the investor or lender (especially one with substantial experience in the mobile communications field) has the opportunity to sit on the board or be involved in daily management. In the case of DEs, then, there is a substantial likelihood that an investor's or lender's presence on the board or in management -- especially if the DE consists of individuals with little or no prior experience in mobile communications -- will result in the investor or lender exercising de facto control over the DE. To the extent the DE needs the benefit of individuals with prior experience in mobile communications, it can be satisfied through management agreements, employment relationships, or other arrangements with firms and individuals who have that kind of experience.

CSI's opposition to the dilution of the DE's control does not extend to other standard provisions designed to protect an investor's or lender's interest in the entity. Indeed, it would be useful if the Commission could make it clear (1) that a DE can pledge its stock as security for any loan (as long as dominion cannot be exercised over the stock unless and until any required prior FCC approval is obtained), (2) that a right of first refusal to buy the license will not be deemed to be an attributable interest, (3) that the presence of financial covenants would not make the investor's or lender's interests attributable, and (4) that an investor's or lender's ownership interest will not become attributable merely because the lender or investor has the right to vote or otherwise participate in any decision to (a) sell substantially all the assets of the company, (b) merge, liquidate, or sell the entity, or (c) substantially change the nature of the business engaged in by the company.

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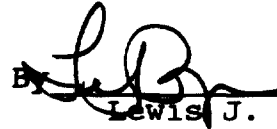
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As required by Commission rules, an original and one copy of this document is being filed in the Secretary's Office, and another copy is being sent to each of the individuals involved in the foregoing discussions.

Sincerely,

KECK, MAHIN & CATE

Attorneys for Cellular
Service, Inc.

By  _____
Lewis J. Paper

LJP/mjo

cc: Ruth Milkman
Lauren J. Belvin
Lisa Smith
Mary McManus
Jill Lockett
Donald Gips
Rosalind K. Allen
Kathleen O. Ham
David Nelson